# APPENDIX

## APPENDIX A

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

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SKIPPY INC, Appellant,

v.

CPC INTERNATIONAL, INC., Appellee.

SKIPPY, INC., Appellee,

v.

CPC INTERNATIONAL, INC., Appellant.

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**Nos. 81-1043, 81-1044.**

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**Argued Nov. 5, 1981.**
**Decided March 5, 1982.**

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Before BUTZNER, WIDENER and CHAPMAN, Circuit Judges.

CHAPMAN, Circuit Judge:

This appeal and cross appeal are from a trademark infringement and unfair competition suit in which the plaintiff charged the defendant with infringement of its *Skippy* trademark. Defendant cross-claimed for damages for breach of contract and certain declaratory and injunctive relief based on its rights in the *Skippy* trademark. The district court granted defendant partial summary judgment, dismissing all plaintiff's claims for damages. After a nonjury trial on the merits, judgment for defendant was entered on plaintiff's claims for declaratory and injunctive relief. The district court held for the plaintiff on defendant's crossclaim for damages. The district court also held for the plaintiff on defendant's claim that plaintiff had abandoned its trademark rights in the mark *Skippy*. The distict court granted defendant's cross-claim for a declaratory judgment that its registration of the mark *Skippy* had become incontestable pursuant to 15 U.S.C § 1115.

Plaintiff appeals the judgment against it on its damage claims. It also appeals denial of its claims for declaratory and injunctive relief. Plaintiff asserts that it is entitled to a new trial on all its claims since it was denied a jury trial. In addition, plaintiff appeals the declaratory judgment for defendant on its claim to incontestable rights. Defendant cross appeals the district court's denial of its cross-claim for a declaratory judgment that plaintiff had abandoned its rights to the *Skippy* mark. We affirm the district court's resolution of these issues, except the declaratory judgment that defendant's right to the mark *Skippy* for peanut butter had become incontestable, which must be vacated.

In March of 1923, Percy L. Crosby created a cartoon featuring a school-aged child he named Skippy. Within a few years of its creation the cartoon had been syndicated to newspapers throughout the country, where it was published as a newspaper comic strip. During the first decade of publication, and to a lesser extent thereafter, Crosby capitalized on the popularity of the "Skippy" comic strip by marketing "Skippy" cartoon books, magazine articles and novels. Crosby also licensed rights to use the Skippy name and concept to commercial interests for product endorsements, radio programs and at least one motion picture.

In 1925 Crosby obtained a federal trademark for the mark *Skippy* for the title of cartoons depicting a humorous juvenile character. Skippy, Inc., the appellant/cross appellee herein and plaintiff below, was organized by Crosby in 1932. Crosby reportedly transferred his rights in the *Skippy* trademark to Skippy, Inc. in return for stock in the corporation. CPC International, Inc., appellee/cross appellant herein and defendant below, acquired its right to the mark *Skippy* for peanut butter in a 1958 merger with The Best Foods, Inc. Best Foods had acquired Rosefield Packing Company in 1954, obtaining with it Rosefield's rights to the mark *Skippy* for peanut butter. Rosefield began marketing Skippy brand peanut butter in 1933 when it was a fledgling packing comany distributing food products in the California area.

Rosefield intially placed a white slat fence and a bucket with a paintbrush in it on its Skippy peanut butter labels. The white slat fence, the bucket and brush, and the hand painted name *Skippy*, all appearing on the label of Rosefield's peanut butter, were arguably suggestive of Crosby's "Skippy" comic strip. Rosefield, Best Foods and CPC continued to use the fence, the bucket and brush and the hand painted *Skippy* mark on their labels until approximately 1960.

Syndication of the "Skippy" comic strip ceased in 1945, but Crosby and Skippy, Inc., continued to seek commercial uses for the Skippy cartoon character after 1945. In 1947 Skippy, Inc. retained the Al Dvorin advertising agency to promote and license the *Skippy* mark and concept. It is apparent that these efforts met with little success since Skippy, Inc.'s total income from 1945 to 1980 was $45,000, with $25,000 of this sum being received from CPC for what CPC asserts was a settlement of the parties' differences over use of the *Skippy* mark.

Skippy, Inc.'s federal registration of the *Skippy* mark was not renewed when it expired in 1945. In 1947 Rosefield registered the mark *Skippy* for peanut butter without opposition from Skippy, Inc. From 1958 to 1979 net sales of Skippy peanut butter totaled $1,218,000,000. Marketing and advertising expenses during that same period totaled $105,700,000.

Management of Skippy, Inc. changed hands in 1968 when Joan Crosby Tibbetts was elected president. In early 1977 Tibbetts advised CPC of her knowledge that Skippy, Inc. had successfully opposed Rosefield's attempts, in 1933, to register the mark *Skippy* for peanut butter. Shortly thereafter Tibbetts began negotiating with CPC to settle any claims that Skippy, Inc. might have against CPC. From May 1977 until September 1977, Tibbetts discussed several matters with CPC, including what came to be designated an "option" agreement entitling CPC to use the mark *Skippy* and the Skippy cartoon character in advertising its food products. This agreement contained a release of CPC by Skippy, Inc.

The district court, Judge Albert V. Bryan, Jr., presiding, granted CPC partial summary judgment and dismissed Skippy, Inc.'s claims for monetary damages on grounds of laches. Skippy, Inc. now appeals the grant of partial summary judgment, asserting that laches is not a defense to a claim for damages. Skippy, Inc. also asserts that laches, even if applicable to claims for damages, was improperly applied to the instant damage claims since Rosefield and its successors were guilty of bad faith infringement.

Laches is a defense to claims for damages for trademark infringement and unfair competition. *Greyhound Corp.* v. *Rothman*, 84 F. Supp. 233 (D.Md. 1949), *aff'd*, 175 F.2d 893 (4th Cir. 1949); *Worcester Brewing Corp.* v. *Rueter & Co.*, 157 F. 217 (1st Cir. 1907); 1 Gilson, *Trademark Protection & Practice* § 8.12[12][K]. While the availability of laches as a defense to claims for injunctive relief may be limited when the defendant is guilty of bad faith infringement, see *Menendez* v. *Holt*, 128 U.S. 514, 9 S.Ct. 143, 32 L.Ed. 526 (1888) and *Saxlehner* v. *Eisner*, 179 U.S. 19, 21 S.Ct. 7, 45 L.Ed. 60 (1900), laches will bar a claim for damages for bad faith infringement. *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916); *Greyhound*, *supra*.

Skippy, Inc.'s failure to pursue its claims against Rosefield from the late 1940's until 1979, when the instant suit was filed, convinces us that Judge Bryan did not abuse his discretion in applying laches to bar Skippy, Inc.'s claims for damages for trademark infringement and unfair competition.

Skippy, Inc.'s claims for declaratory and injunctive relief were tried nonjury to the district court, Judge Oren R. Lewis presiding. Judge Lewis held for CPC on Skippy, Inc.'s claims for declaratory and injunctive relief. The holding was based on several grounds, including Skippy, Inc.'s release of CPC from all Skippy, Inc.'s claims against CPC for use of the mark *Skippy* for peanut butter. We address only the release defense since we find the district court was not clearly erroneous in ruling that the release barred Skippy, Inc.'s claims against CPC for use of the mark *Skippy* for peanut butter.

The release of CPC by Skippy, Inc. obligated Skippy, Inc. to hold CPC harmless "from any and all differences and controversies which may have existed in the past or may now exist . . . as relates to the use of the . . . name 'Skippy.'" After hearing the evidence on negotiation of this release, the trial court concluded that the release was a settlement of the parties' differences over CPC's continued use of the mark *Skippy* for peanut butter. On appeal Skippy, Inc. asserts that the trial court was clearly erroneous in enforcing the release since it was procured by fraud. The first alleged fraud in the procurement of the release was "CPC's alleged false representations that it wanted to execute [a] marketing agreement" with Skippy, Inc. entitling CPC to use the Skippy cartoon character in advertising Skippy peanut butter. According to Skippy, Inc., CPC made these representations when it had already selected another advertising concept.

When Skippy, Inc. threatened to sue CPC in March of 1977, CPC assigned attorney Hanes Heller to handle the threatened suit. Between May and September of 1977, Tibbetts, on behalf of Skippy, Inc., and Heller, on behalf of CPC, engaged in negotiations for settlement of CPC's asserted past wrongs and discussions involving future income to Skippy, Inc. from use of the Skippy cartoon character in advertising CPC's peanut butter. Tibbetts testified that Heller orally represented that CPC had selected a concept involving use of the Skippy character. Heller testified that no such representations were made. Judge Lewis apparently credited Heller over Tibbetts, a judgment we do not find to be clearly erroneous.

The second assertion of fraud in procurement of the release was the alleged refusal of CPC and its present attorneys, Lord, Day & Lord, to permit Skippy, Inc. access to its own files and records until after the release had been signed. CPC's present attorneys represented Crosby and Skippy, Inc. in the 1930's and 1940's. In 1965, during a contest over Crosby's estate, Tibbetts requested that Lord, Day & Lord give her any old files that may have been retained. Lord, Day & Lord did not send Tibbetts any files and she did not immediately renew

her request for them. Tibbetts made another request for the files in 1976, at which time Lord, Day & Lord advised her that most of the files had been sent to another law firm, but noted that some of the files had been retained. Lord, Day & Lord agreed to Tibbetts' review of the retained files subject to its own review of them.

Skippy, Inc. asserts that it proved that Henry Baldwin of Lord, Day & Lord assured Tibbetts that the files it retained involved only closed matters while at the same time advising CPC that turning over the files might be prejudicial. It also claims it proved Lord, Day & Lord refused access to the files until after the release was signed. In addition, Skippy, Inc. asserts, without getting specific, that these files contained information necessary to maintain this action. CPC denies the files contained any prejudicial information that Tibbetts did not already have, and we assume there was no prejudicial information in them since Skippy, Inc. failed to offer any specific proof of prejudice. Henry Baldwin of Lord, Day & Lord denied having refused access to the files, but acknowledged that he had asked Tibbetts to wait to receive the files until after the option agreement was signed. A finding by the district court that Baldwin's request that Tibbetts wait to receive the files, until after the so-called "option" agreement had been completed, did not fraudulently induce the "option" agreement nor materially relate to it, is not clearly erroneous. We read the district court's statement that the "claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support" to be a finding of fact and affirm on this basis as well.

Skippy, Inc. contends that this matter should be remanded for a new trial of all its claims since it was denied its Seventh Amendment right to jury trial. Skippy, Inc. argues it is entitled to a jury trial since it alleged a claim for damages for fraudulent procurement of the release obtained by CPC.

Charges of fraud raise difficult questions about the right to jury trial. Both professors Wright and Moore agree that fraud is not peculiarly a legal issue nor an equitable issue. 9 Wright &

Miller, *Federal Practice and Procedure:* Civil § 2311 at 52 (1971); 5A Moores Federal Practice ¶ 38.20. The jury right turns on the remedy sought and the context in which the claim arises. "When the only remedy sought for fraud is damages, the action is legal in nature and there is a right to jury trial." Wright & Miller, *supra*.

Skippy, Inc. alleged the facts underlying its fraudulent procurement claim in its complaint and also included a general prayer for monetary damages. Skippy, Inc. timely demanded a jury trial, making no specification of the issues to be so tried. These precautions would ordinarily entitle Skippy, Inc. to a jury trial on the fraudulent procurement issue. *Millner* v. *Norfolk & Western Railway Company*, 643 F.2d 1005, 1010 (4th Cir. 1981).

When the district court was considering whether to provide a jury trial as demanded, Skippy, Inc. did not inform the court of its claim for damages for fraudulent procurement of the release. Instead, Skippy, Inc. argued first, that it was entitled to a jury trial on its claims for damages for trademark infringement and later, that it was entitled to a jury trial on its claims for damages for unfair competition. At no time did Skippy, Inc. raise the issue of the claim for damages for fraudulent procurement of the release. The district court correctly ruled that Skippy, Inc. was not entitled to a jury trial on its claims for trademark infringement and unfair competition. We are now urged to reverse the district court and order a new trial on the basis of an argument not raised before the district court.

The complaint filed by Skippy, Inc. does not clearly evidence an intent to seek damages for fraudulent procurement of the release.[1] The fact that the complaint could be read to state a

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[1] The complaint filed by Skippy, Inc. is divided into four sections: statement of the case, statement of the claim (facts), statement of the counts, and prayers for relief. The statement of counts is in three separate sections: federal trademark infringement; common law trademark infringement and unfair competition; and federal unfair competition. The statement of the claim section sets forth the basic

claim for damages for fraudulent procurement of the release was apparently not discovered until after trial. At a June 24, 1980 hearing, Judge Bryan, in an order from the bench, dismissed all of Skippy, Inc.'s claims for damages. At this hearing the only causes of action discussed were those for trademark infringement. When Judge Bryan dismissed the damages portion of the action, counsel for CPC asked whether the case would proceed nonjury. Judge Bryan responded affirmatively, stating that only injunctive issues remained and that these were not proper for a jury. Counsel for Skippy, Inc. raised one question at this time, but failed to inform the court that in dismissing all damages claims, the court was overlooking the claim for damages for fraudulent procurement of the release.

Three days later CPC [sic] filed a motion to reconsider the order striking all damage claims. This motion to reconsider was based on Judge Bryan's failure to address CPC's claim for damages for unfair competition. The motion did not mention Skippy, Inc.'s claim for damages for fraudulent procurement of the release.

Less than one month later, on July 18, 1980, Judge Bryan convened a hearing on CPC's motion to dispose of the balance of the case on grounds of the defense of release. Judge Bryan denied this motion because of factual issues presented by the alleged fraudulent procurement of the release. Judge Bryan's acknowledgement of the fraudulent procurement issue came just 25 days after he dismissed all of Skippy, Inc.'s damage claims. Apparently he read the portion of the complaint alleging fraudulent procurement to state a basis for rescinding the

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factual allegations underlying the three separate counts and four enumerated causes of action. The statement of the claim section also sets forth the basic factual allegations underlying the asserted fraudulent procurement of the release. The asserted fraudulent procurement of the release is not listed nor discussed in the statement of the counts, the portion of the complaint separately naming all of Skippy, Inc.'s theories of liability except fraudulent procurement of the release.

release and not as a claim for damages. As shown above at note 1, this is a reasonable interpretation of the complaint.

In the absence of exceptional circumstances, questions not raised and properly preserved in the trial forum will not be noticed on appeal. *Malbon* v. *Pennsylvania Millers Mutual Insurance Company*, 636 F.2d 936, 941 (4th Cir. 1980); *United States* v. *One 1971 Mercedes Benz, Etc.*, 542 F.2d 912, 915 (4th Cir. 1976). Skippy, Inc.'s failure to apprise the court that it sought damages for fraudulent inducement of the release convinces us that such damages were not contemplated until after trial and that Skippy, Inc. raises the cause of action now merely to get a new trial on the other claims actively pursued below. Since Skippy, Inc. failed altogether to pursue its claim for damages for the alleged fraudulent inducement, it was not prejudiced by the district court's failure to give it a jury trial on a claim not contemplated at trial. We perceive no exceptional circumstances making consideration of the damages for fraud claim at this late date proper and decline to do so.

Skippy, Inc. also contends that the fraud asserted in avoidance of CPC's defense of release entitled it to a jury trial on the validity of the release whether or not it sought damages for this alleged fraud. In an action in which the issues are otherwise legal, fraud asserted in avoidance of a defense of release, whether asserted in response to the defense or in a complaint that anticipates that defense, entitles the plaintiff to a jury trial on the validity of the release. 5A *Moores Federal Practice, supra;* Wright and Miller, *supra*, at 59-60; *Bowie* v. *Sorrell*, 209 F.2d 409 (4th Cir. 1953). In an action in which the issues are otherwise equitable, the same rule does not necessarily apply. See *Liberty Mutual Ins. Co.* v. *Gerald*, 170 F.2d 917 (5th Cir. 1948) and *New Hampshire Fire Insurance Company* v. *Perkins*, 28 F.R.D. 588 (D.Del.1961).

In the instant case the district court apparently construed the fraudulent procurement allegations in the complaint to state grounds for rescission of the release and maintenance of Skippy, Inc.'s claims for trademark infringement. Skippy, Inc.

did nothing to indicate that such a construction of the complaint was erroneous. The district court properly dismissed Skippy, Inc.'s claims for damages leaving only claims for injunctive relief. In this posture the case presented issues purely equitable in nature that could be resolved by the court without empaneling a jury. *Robine* v. *Apco, Inc.*, 227 F. Supp. 512 (S.D.N.Y.1964) *aff'd*, 386 F.2d 267 (2nd Cir. 1967); and *Anti-Monopoly, Inc.* v. *General Mills Fun Group*, 611 F.2d 296 (9th Cir. 1979).

Skippy, Inc. also argues that it is entitled to a new trial on all its claims since it was entitled to a jury trial on CPC's compulsory counterclaim for damages. Since the district court entered judgment for Skippy, Inc. on CPC's counterclaim for damages, Skippy, Inc.'s position that it is entitled to a new trial on these issues is of little avail.

Two matters remain for disposition in this appeal. First, CPC cross claimed against Skippy, Inc. for a declaratory judgment that CPC's trademark rights in the mark *Skippy* had become incontestable pursuant to 15 U.S.C. § 1115. The district court held for CPC, declaring that CPC's right to use the mark had become incontestable and that "said registration shall be and hereafter evidence of registrant's exclusive right to use the registered trademark . . . ."

At trial Skippy, Inc. attacked CPC's claim to incontestable rights on grounds of fraud in the procurement of those rights. In June of 1933 Rosefield applied for a federal trademark registration for the mark *Skippy* for peanut butter. Skippy, Inc. opposed Rosefield's attempt to register *Skippy* for peanut butter. The Patent Office sustained Skippy, Inc.'s objection to the attempted registration and Rosefield did not appeal rejection of its application. In 1954, as a condition to sale of its business to Best Foods, Rosefield obtained incontestable rights to the mark *Skippy* peanut butter. To obtain these incontestable trademark rights, the president of Rosefield filed an affidavit with the Patent Office stating that there had been no final decision adverse to its rights to register *Skippy*.

Skippy, Inc. claimed that this statement in the affidavit was false since there had been a final decision against the registrability of Rosefield's mark in 1933. The district court held for CPC, finding that the statement in the affidavit was not false. CPC argues that the statutory requirement of no adverse decision to the party's right to register the mark applies only to the federal registration for which the affidavit is being sought (the 1947 registration) and does not include any adverse decisions (the attempted registration in 1933) from other attempts to register the same mark. We are unable to agree with this construction of the statute (15 U.S.C. § 1065). Section 1065 requires that the registrant file an affidavit stating that "there has been no final decision adverse to registrant's . . . right to register the [mark]." Unlike other statements required by § 1065, the requirement that party state there be no adverse decisions has no express time limitation. Absent a specified limitation, we see no reason to impose one. We, therefore, conclude that Rosefield's statement that there had been no final decisions adverse to the registrability of Rosefield's mark was false. Accordingly, that portion of the district court's order granting CPC a declaratory judgment that its rights in the mark *Skippy* had become incontestable must be vacated.

The second matter remaining for disposition is CPC's cross-claim for declaratory judgment that Skippy, Inc. abandoned its trademark rights in the mark *Skippy*. To prove abandonment, a party must show intent to abandon. *Saratoga Vichy Spring Co., Inc.* v. *Lehman*, 625 F.2d 1037, 1043-44 (2nd Cir. 1980). Skippy, Inc. submitted evidence showing that it continued to attempt to market the Skippy cartoon character and concept after 1945, that the Board of Directors of Skippy, Inc. met occasionally after 1945, and that Skippy, Inc. reemerged as an active company after Tibbetts became president in 1968. This evidence is sufficient to sustain the district court's finding that Skippy, Inc. did not intend to abandon its trademark.

Except for the district court's declaration that CPC's right to use the mark *Skippy* has become incontestable pursuant to 15 U.S.C. § 1115, the resolution of all issues by the district

court is affirmed. The declaratory judgment that CPC's right to the mark *Skippy* has become incontestable is vacated.

AFFIRMED IN PART, VACATED IN PART.

WIDENER, Circuit Judge, concurring and dissenting.

I concur in all of the opinion except certain of those parts regarding the right to a jury trial to which I respectfully dissent.

So far as the opinion may be based on waiver of jury trial, failure to raise the issue timely, or the like, I agree with it.

So far as the opinion relies, however, on failure to grant a jury trial because the issues involved, including fraud (the other issues having been removed), were equitable, I think that the reasoning expressed in *Dairy Queen* v. *Wood*, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44 (1962), requires trial by jury. Thus, I would re-parse the case in line with that holding, as consistently as I might with the principles expressed in the majority opinion, vacating, however, for a new trial, such parts of the judgment as depend upon issues which ought to have been tried by jury.

## APPENDIX B

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

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CIVIL ACTION NO.
80-250-A

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SKIPPY, INC., Plaintiff,

v.

CPC INTERNATIONAL, INC., Defendant.

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FILED
NOV 24, 1980

### MEMORANDUM OPINION AND ORDER

This suit for federal and common law trademark infringement and unfair competition was brought under the Federal Trademark Act of 1946, 15 U.S.C. § 1051, *et seq.*, and the common law of Virginia.

The plaintiff charged the defendant with infringement of its registered "Skippy" trademark, and sought monetary damages and declaratory and injunctive relief.

The defendant denied infringement and asserted the affirmative defenses of: laches--estoppel—release—abandonment and incontestability; and counter-claimed for breach of contract and declaratory and injunctive relief.

In its answer to the counter-claim, the plaintiff alleged fraud on the part of the defendant in registering "Skippy" as its trademark for its peanut butter products.

The plaintiff's claim for monetary damages was stricken by Judge Bryan on the grounds of laches and estoppel, and the matter was set down for plenary hearing on the parties' respective claims for declaratory and injunctive relief.

The evidence received discloses that Percy L. Crosby, in March of 1923, created a comic strip based primarily upon the activities of a male child he named "Skippy." He used a white, slat fence as a background for messages written by "Skippy."

On September 8, 1925, Crosby obtained a federal trademark #202,913 for the mark "Skippy" for the title of cartoons depicting a humorous juvenile character.

This comic strip became quite popular and was syndicated to newspapers throughout the country.

"Skippy, Inc." was chartered in Delaware in 1932; Crosby transferred and assigned certain of his properties, reportedly including rights to "Skippy," to this corporation in return for stock (however, no transfer or assignment of his rights in the trademark "Skippy" was recorded in the United States Patent and Trademark Office). He served as President of the corporation until 1945.

Crosby wrote several novels and books about "Skippy," some of which were serialized in magazines and in the movies.

In 1931, General Mills, in promoting its breakfast cereal "Wheaties," sponsored a radio program entitled, "Skippy."

"Skippy" dolls, pens and pencils were manufactured and produced by others under license from Skippy, Inc.

King Features' right to syndicate the "Skippy" comic strip terminated on December 8, 1945.

In 1945, the 1925 federal trademark expired.

In 1947, Skippy, Inc. retained the Al Dvorin Ad Agency to promote and license its "Skippy" property—the Agency worked on developing radio scripts, cartoon projects for the Saturday Evening Post, and so forth.

In 1949, George Borgfeldt and Co. assigned its registered trademark No. 296,463 for the use of the mark "Skippy" as applied to toy figures to Crosby.

In early 1949, Mr. Crosby was committed to the Kings Park Hospital on the grounds of incompetency—from 1949 to 1959, his wife handled the business of the corporation until her death in 1959. During this period, the corporation considered and investigated prospective purchasers of the "Skippy" comic strip, and explored the possibility of "Skippy" movies, radio and television programs.

In 1955, the corporation transferred the television and commercial rights to "Skippy" to a new subsidiary corporation (Skippy Enterprises, Inc.).

Upon the death of Mrs. Crosby, the affairs of Skippy, Inc. were under the direction of the Lafayette National Bank, as committee of Percy L. Crosby, and Rose L. Stein, executor of the estate of Mrs. Crosby, until Mr. Crosby's death in 1964.

After protracted litigation, the two estates were settled and the rights previously granted to Skippy Enterprises, Inc. were returned to Skippy, Inc. with majority control of Skippy, Inc. being vested in Percy Crosby's children.

Joan Crosby Tibbetts was elected President of Skippy, Inc. in 1968. During the period from 1968 to 1980, "Skippy" was republished in various and sundry magazines and cartoon books, and used in radio programs and movies—and a limited number of "Skippy" dolls, pens and pencils were sold and distributed.

In June of 1979, plaintiff entered into another agreement with King Features for the syndication and merchandising of the "Skippy" name and property. This agreement expired in June of 1980.

On June 29, 1978, the plaintiff filed for a United States trademark registration for the "Skippy" name, which was issued in January of 1980.

Two additional applications were filed for the registration of the "Skippy" name in conjunction with the character as a service mark for merchandising services. These applications are still pending.

The defendant CPC International's claim to the right to use the name "Skippy" for its peanut butter was acquired via other corporations from the Rosefield Packing Company.

Rosefield, upon the advice and recommendation of its trademark consultants, began to use the trademark "Skippy" on its peanut butter products in 1933—the Rosefield Brothers applied for a federal trademark registration for the name "Skippy" for peanut butter in June of that year. In September of 1933, Skippy, Inc. filed a notice of opposition—although the records of the patent office have been destroyed, the patent office apparently sustained the opposition without a hearing on the merits.

Since this action on the part of the Trademark Examiner applied only to registrability, Rosefield was assured by its trademark attorneys of its right to continue the use of its "Skippy" trademark on its peanut butter product.

Rosefield continued to use the mark and its peanut butter business grew and prospered.

Skippy Peanut Butter was originally distributed in the western states; in 1944, Rosefield began distributing Skippy Peanut Butter in the east. Shortly thereafter, Rosefield received a letter from Skippy, Inc.'s counsel in re Rosefield's use of the trademark "Skippy."

Although the record is unclear as to the discussions between the parties, no action was taken by either party and the lawyers for both parties considered the matter closed.

Some three years later, the Al Dvorin Agency advised Rosefield that it was negotiating with others regarding licensing of the "Skippy" trademark and wanted to enter into a similar agreement with Rosefield Packing Co. for its continued use of "Skippy." Rosefield's attorneys advised Dvorin that Rosefield

Packing Co. owned the trademark "Skippy" for peanut butter—that it did not use the cartoon character; that any attempt to interfere with its rights would be met with legal action—nothing further was heard from Skippy, Inc. or its agents.

Rosefield filed an application for registration of "Skippy" for its peanut butter in 1947 under the provisions of the new federal trademark statute of 1946. The registration (No. 504,940) was granted in 1948—no one opposed this application.

Between 1933 and 1944, Rosefield Packing Co. registered its trademark "Skippy" for peanut butter in each of the 48 states and in Hawaii.

In 1936, the mark was registered in Delaware, New York and Virginia, where Crosby lived, and Skippy, Inc. had its principal place of business—neither Crosby nor Skippy, Inc. objected to any of these registrations.

As required under the Lanham Act, Rosefield filed an affidavit in 1954 stating that its "Skippy" trademark was in continuous use, that there had been no final decision adverse to its claim of ownership of the mark for its goods, and its right to register the same, and to keep the same on the register, and that there were no proceedings involving its rights pending and not finally disposed of.

Rosefield and its successors have spent more than one-hundred-five million dollars in advertising and marketing its Skippy Peanut Butter—its net sales exceed one-and-a-half billion dollars.

Joan Crosby Tibbetts did not contact the defendant about its use of "Skippy" in connection with their peanut butter until sometime in early 1976. She sought their assistance in promoting the art work of her father, and briefly discussed the historical confusion about the rights of Skippy, Inc. She did not pursue the matter further with CPC until March of 1977.

In the interim, she visited the U. S. Patent and Trademark Office, where she learned about Skippy, Inc.'s opposition in

1933 to Rosefield Packing Co.'s attempt to register the mark for peanut butter.

In March of 1977, Mrs. Tibbetts expressed concern over the use of the "Skippy" mark by a pet food manufacturer and sought CPC's legal assistance in protecting the "Skippy" name.

When she did not receive a prompt response, she threatened to either sue or go to the newspapers, or both—CPC's attorney got in touch with her shortly thereafter and numerous meetings followed.

She wanted $125,000.00 to resolve any and all differences they might have had. Although CPC contended that it had no liability for any infringement, it continued to discuss the matter with Mrs. Tibbetts—they reached a tentative agreement in the fall of 1977.

The agreement was reviewed by Skippy, Inc.'s attorney and was executed by Mrs. Tibbetts on behalf of Skippy, Inc. on December 13, 1977. CPC signed it on January 10, 1978.

The agreement released the defendant from any and all claims which Skippy, Inc. may have had against it relating to its use of the name "Skippy"—and granted the defendant a two-year option to use its "Skippy" cartoon character upon a negotiated royalty.

The plaintiff's claim for monetary damages has been stricken by Judge Bryan on the grounds of laches and estoppel.

Upon consideration of the evidence and authorities cited, the undersigned is of the opinion that the plaintiff's claim for injunctive relief should be denied on the grounds hereinafter mentioned.

The burden is on the plaintiff to prove its claim for injunctive relief by a preponderance of the evidence—it has failed to so do.

The Federal Trademark Act (15 U.S.C. § 1141(1)) defines infringement as the use in commerce of any reproduction copy,

or colorable imitation of a registered mark in connection with the sale or advertising of any goods with which such use is likely to cause confusion, to cause mistake, or to deceive.

In order to prevail, the plaintiff must show that it was the prior user of a valid trademark—that the marks in question are either identical or in close resemblance—and that the nature of the respective products used by the plaintiff and defendant are not so unrelated as to preclude any confusion as to their source.

The plaintiff has only proven that it was the prior user of the name "Skippy"—that alone is not enough to cause confusion, mistake or to deceive.

Involved in all lists of factors to be considered is the nature of the goods, the channels of trade, the class of purchasers, the distinctiveness of the mark, the nature and extent of any actual confusion. *See Arrow Distilleries* v. *Globe Brewing Co.*, 117 F.2d 347 (4th Cir. 1941); *Communications Satellite Corp.* v. *Comcet, Inc.*, 429 F.2d 1245 (4th Cir. 1970).

The law of Virginia in establishing the test of confusion is not unlike and parallels that of the federal trademark act. *See Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.*, 301 F.2d 156 (4th Cir. 1962). *See, also, John Walker and Son, Ltd.* v. *Bethea*, 305 F.Supp. 1302 (D.C.S.C. 1969).

"Skippy" was used by Percy Crosby as the title of his cartoons depicting a humerous, juvenile character—in addition to the name and "Skippy's" quaint costume (an indescribable checkered hat; huge white collar, flowing tie and dragging socks), Crosby used other symbols—most often, the ever-present white, slat fence as a background for messages written by "Skippy," who would be shown in the comic strip carrying a bucket and brush.

The name "Skippy" was never used as a name for peanut butter until Rosefield, the predecessor of the defendant, adopted it as the name of its patented peanut butter in 1933.

Rosefield neither reproduced nor copied Crosby's "Skippy"—or used any of the symbols Crosby used in portray-

ing "Skippy" in his comic strip, with the exception of the white, slat fence, as a background for the name "Skippy" in his 1933 trademark application. He abandoned the white fence background shortly thereafter and has used the hand-printed name "Skippy" as the name of his peanut butter since that date—there is nothing on the "Skippy" peanut butter label indicating that the defendant's peanut butter is being manufactured or recommended by Crosby's juvenile comic strip character.

There is and was little likelihood of confusion from the use of the name alone—many different products marketed by different companies bear the same name; *i.e.*, Cadillac automobiles, Cadillac dog food, Cadillac boots—Ford automobiles—Ford phonograph records—Vogue Magazine and Vogue tires, etc.

Although the plaintiff called two well-known, present-day cartoonists to support its contention that the name "Skippy" alone was so identified with the Crosby juvenile character as to cause confusion among the buying public, that evidence was far from convincing.

Further, although not conclusive, it is both probative and significant to note that the Trademark Examiner did not cite the existing CPC registration of "Skippy" for peanut butter against the plaintiff's 1978 application to register and/or reregister the name "Skippy" as its trademark for its cartoon comic strip as he should have done under the statute (15 U.S.C. § 1062(a)) if he believed the use of the name "Skippy" as a trademark on the respective products of the parties would be likely to cause confusion or to cause mistake, or to deceive.

Crosby's trademark expired and "Skippy" ceased to exist as a syndicated juvenile comic character in 1945.

Even though the plaintiff did little to protect or use its "skippy" trademark between 1945 and the registering or reregistering of the mark in 1980—that is not enough to prove abandonment.

Skippy, Inc. has been aware of the use of the name "Skippy" by the Rosefield Packing Co. on its peanut butter and its successors in interest since 1933. It has taken no action to stop such use until the filing of this complaint, some 47 years later.

Both Judge Bryan in this suit, and the undersigned, in *Potter Instrument Company* v. *Storage Technology Corp.*, Civil Action No. 79-579-A, have held that a law suit is barred by laches when the plaintiff has not exercised diligence in asserting its rights and when the defendant has been prejudiced by the delay.

In a trademark action such as this, simple laches coupled with conduct amounting to estoppel, acquiescence or abandonment, is sufficient to bar a claim for an injunction. *See Ambrosia Chocolate Company* v. *Ambrosia Cake Bakery*, 165 F.2d 693 (4th Cir. 1947).

The defendant has spent millions to advertise and promote their "Skippy" peanut butter. To require them to adopt a new name for their peanut butter after 47 years of uninterrupted use would be grossly unfair.

As was said by Judge Learned Hand, in *Landers, France & Clark* v. *Universal Cooler Corporation*, 85 F.2d 46, 49 (2d Cir. 1936):

> When for eight years one plans one's business on the assumption that one may use a mark, it is a grave dislocation of the business to stop this use; the whole organization must be recast and the market re-educated; nobody can estimate what the losses may be.

The plaintiff in this case not only failed to take any legal action to protect its claimed exclusive right to the use of the name "Skippy," for some 47 years, plaintiff released the defendant in December of 1977 from any and all claims which it may have had against the defendant relating to its use of the name "Skippy."

Their claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support.

The release was supported by a valuable consideration and was approved by Skippy, Inc.'s attorneys before it was executed and delivered to the defendant.

Therefore, the plaintiff's prayer for permanent injunctive relief must be DENIED, and

IT IS SO ORDERED.

Plaintiff's prayer that this Court enter an order directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned or required [sic] by defendant, which include the name "Skippy," must likewise be DENIED, and

IT IS SO ORDERED.

The defendant's 1948 registration of its "Skippy" trademark for its peanut butter has been in continuous use for more than five years—the conditions set forth in 15 U.S.C. § 1065 have been complied with.

Once incontestability has been established, the registration is conclusive evidence of the registrant's exclusive right to use the mark—subject to challenge only on the grounds specified in 15 U.S.C. 1115(b). *See Phillip Morris, Inc.* v. *Imperial Tobacco Co.*, 251 F.Supp. 362, 379 (E.D.Va. 1965) and *Armand's Subway, Inc.* v. *Doctor's Associations, Inc.*, 604 F.2d 849 (4th Cir. 1979).

The plaintiff's attack on the incontestability of the defendant's 1948 registration on the grounds of fraud in its procurement—fails for the want of sufficient evidentiary support.

The plaintiff tendered no evidence to support its claimed fraud except J. L. Rosenfield's declaration in his 1948 application, wherein he stated:

> * * * that no other person, corporation or association, to the best of his knowledge and belief has the right to use such trademark in commerce * * * either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive * * * *

That's not enough—the plaintiff must prove that Rosefield knowingly made an inaccurate or misleading statement with the intent to deceive the Patent and Trademark Office, and that, but for the knowingly inaccurate and misleading statement, the Patent and Trademark Office would not have issued the registration or accepted the affidavit.

"Fraudulent intent cannot be inferred merely from an assertion of exclusive rights in a trademark." *See SCOA Industries* v. *Kennedy & Cohen, Inc.*, 188 U.S.P.Q. 411 (TTAB 1975).

Although Rosefield is now deceased, the evidence in this case clearly establishes that he believed he had the exclusive right to use "Skippy" as the name of his peanut butter—he had used it for 15 years—and had registered it in all of the states.

The plaintiff had active and constructive notice of the defendant's belief that he had the right to use the mark "Skippy" on his peanut butter—and could have petitioned to cancel his 1948 registration at any time between that date and 1954.

It did nothing until 1980 when it filed this suit.

Although Rosefield's 1954 affidavit was not used in procuring the defendant's 1948 registration—it was given to establish the incontestability of the 1948 registraton—the averment "there had been no final decree adverse to its claim of ownership or its right to register the same," was neither false nor fradulent.

The plaintiff's claim that the Patent and Trademark Office's failure to grant the defendant's 1933 application was such a final decree was not supported by the authorities cited:

All we know about Rosefield's 1933 application is:

All of the principals are dead;

The Patent Office records have long since been destroyed;

Skippy, Inc. filed an opposition;

There was no hearing;

The registration was not granted; and

Rosefield, upon the advice of counsel, kept on using "Skippy" as the name of his peanut butter products.

Successful oppositions to trademark registration applications are not res judicata in *ex parte* application proceedings.

Failure to grant, or denial of registration does not preclude the Commissioner of Patents and Trademarks from entertaining a subsequent application and registering the claimed mark.

It did so in this case—the Rosefield Packing Co. reapplied some 14 years later and the Commissioner of Patents and Trademarks granted the requested registration on December 21, 1948.

Skippy, Inc. did not file any opposition to this application.

Rosefield had every reason to believe in 1954 there had been no final decree adverse to his claim of ownership or his right to use the mark "Skippy" on his peanut butter products.

He made no false or fraudulent statement in his 1954 application.

The plaintiff must prove by clear and convincing evidence that the defendant's 1948 registration or the incontestable right to use the mark was obtained fraudulently—it has failed to so do.

On the evidence presented, this Court finds there has been no final decision adverse to Rosefield's claim of ownership of the mark "Skippy" for its peanut butter products or its right to register the same.

Therefore, the Court hereby declares that the defendant's right to use the said mark has become incontestable under 15 U.S.C. § 1115(b), and the said registration shall be and hereby is conclusive evidence of the registrant's exclusive right to use the registered trademark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said § 1065.

The defendant's counter-claim for breach of contract and for injunctive relief must be DENIED for want of sufficient proof, and

IT IS SO ORDERED.

The contract between the parties does not contain any covenants not to sue and does not provide for the award of any counsel fees.

The plaintiff has done nothing to interfere with the claimed right of the defendant to use his registered trademark "Skippy" on its peanut butter products for some 47 years, except to file this suit—no evidence was tendered indicating that the plaintiff intended to or would interfere with any of the defendant's rights to use its registered mark in the future.

The Clerk will send a copy of this Memorandum Opinion and Order to all counsel of record.

November 24, 1980.

/s/ Oren R. Lewis
Senior United States District Judge

## APPENDIX C

**UNITED STATES COURT OF APPEALS**
**FOR THE FOURTH CIRCUIT**

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**No. 81-1043**

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**JUDGMENT**

SKIPPY, INC., Appellant,

vs.

CPC INTERNATIONAL, INC., Appellee.

*Appeal from the United States District Court for the Eastern District of Virginia.*

*This cause came on to be heard on the record from the United States District Court for the Eastern District of Virginia, and was argued by counsel.*

*On consideration whereof, It is now here ordered and adjudged by this Court that the judgment of the said District Court appealed from, in this cause, be, and the same is hereby, affirmed in part and vacated in part.*

**FILED**
**Mar 5, 1982**
**U.S. Court of Appeals**
**Fourth Circuit**

/s/ William K. Slate, II
CLERK

## APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

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No. 81-1043(L)

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CORRECTED ORDER

SKIPPY, INC., *Appellant*,

v.

CPC INTERNATIONAL, INC., *Appellee*.

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No. 81-1044

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SKIPPY, INC., *Appellee*,

v.

CPC INTERNATIONAL, INC., *Appellant*.

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**Appeals from the United States District Court for the Eastern District of Virginia, at Alexandria. Oren R. Lewis, District Judge**

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Upon consideration of the petition for rehearing and suggestion for rehearing en banc and no judge having requested a poll of the court on the petition for rehearing en banc,

IT IS ORDERED that the petition for rehearing and suggestion for rehearing en banc is DENIED. Judge Widener dissents. He would grant rehearing for the reasons stated in his separate opinion previously filed.

Entered at the direction of Judge Chapman with the concurrence of Judge Butzner.

**FILED**
**MAY 3 1982**
**U.S. Court of Appeals**
**Fourth Circuit**

For the Court

/s/ William K. Slate, II
CLERK

## APPENDIX E

IN THE
SUPREME COURT OF THE UNITED STATES

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No. A-65

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SKIPPY, INC., *Petitioner*,

v.

CPC INTERNATIONAL, INC.

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## ORDER EXTENDING TIME TO FILE PETITION FOR WRIT OF CERTIORARI

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UPON CONSIDERATION of the application of counsel for petitioner,

IT IS ORDERED that the time for filing a petition for writ of certiorari in the above-entitled cause be, and the same is hereby, extended to and including September 1, 1982.

/s/ William J. Brennan
WILLIAM J. BRENNAN
Associate Justice of the Supreme Court of the United States

Dated this 22nd
day of July, 1982

## APPENDIX F

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

SKIPPY, INC., *Plaintiff*,

v.

CPC INTERNATIONAL, INC., *Defendant*.

**Civil Action No. 80-270-A**

**TRANSCRIPT OF PROCEEDINGS,**
**JUNE 24, 1980**

THE COURT: You have been heard.

I don't believe that insofar as injunctive relief is concerned I can decide in a summary manner that the circumstances are such that the relief cannot be awarded in the form of an injunction.

The Rothman case language is pretty firm, and those cases that do support the denial of the injunctive relief on the basis of laches I don't believe have done so on a summary basis. But after the court has been able to hear the "circumstances," to see whether in fact the sleeping on plaintiff's rights has been such as to create and assume permission for the defendant to do what it has done.

I am aware and will of course continue to be aware of the Supreme Court's admonition that the court should be hesitant in the equitable relief it awards where there has been a delay in acting on the part of a plaintiff or a lack of diligence and the defendant has been allowed to enhance the reputation of the product, but I'm reluctant and will not grant the summary judgment insofar as injunctive relief is concerned.

I will, however, grant the motion for summary judgment insofar as it attacks the plaintiff's claim for damages. Clearly here in my view the damage for past infringement cannot succeed. While the plaintiff may not be precluded from a bar against future infringements, if it can show that such infringement exists, and the circumstances need not establish laches, I do not think it can, under the undisputed facts here, make out a claim for damages.

So partial summary judgment will be awarded the defendant, granting the defendant's motion to dismiss the damage claim.

## APPENDIX G

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

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SKIPPY, INC., *Plaintiff*,

v.

CPC INTERNATIONAL, INC., *Defendant*.

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**Civil Action No. 80-250-A**

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**TRANSCRIPT OF PROCEEDINGS,
JULY 18, 1980**

THE COURT: The motion for summary judgment is denied.

Insofar as release is concerned, the fraud which did not, of course, have to be pled until the question of release was raised by the defendant was properly pled and I don't understand that to be a point in the matter anyway.

But I think there is an issue of fact for the fact finder as to whether the Ms. Tibbits acting on behalf of the corporation was induced to sign the option release agreement because of a material misrepresentation concerning the marketing concept which was going to be embarked upon by the defendants.

The burden will be, of course, on the plaintiff to prove that fraud and it may not be able to prove either that she was misled, that she relied or that it was a misrepresentation.

There is certainly in my view an issue of fact presented on that matter.

Moreover, it seems to me there is an issue of fact as to whether withholding of the files or the information in the files by Lord, Day and Lord was a factor in inducing her to sign the agreement, and had those facts been made known to her whether she would have signed the agreement.

Again at least I don't decide that those facts have been proved. I just think there is an issue as to those facts and that's all that I, of course need decide at this point.

As far as abandonment is concerned, I think there is an issue of fact both as to the intent to abandon and as to what use was made of the trademark, trade name during the period '45 to '68, when the attempted exploitation of the mark and name negates any intent to abandon and whether there was sufficient nonuse so as to cause the mark or name to lose its distinctiveness.

I don't need to decide whether the factors giving rise to an estoppel, either collateral or by licensing arises, but it seems to me there are issues presented which if they don't arise to estoppel may be circumstances to be taken into account in determining whether there was any intent to abandon.

As far as incontestibility is concerned I doubt seriously that the incontestiblity created by the sections of the Act that are cited can be used as a defense in an infringement suit. But even if they can, with the allegations here concerning the fraud in making or the false statement under section 15 affidavit filed in 1954 which statements are concededly false present an issue of fact as to whether they were material and relied upon and so on.

But in my view they are issues of fact as to all three of the defenses asserted.

For these reasons the motion for summary judgment is, as I say, denied.

We will take a short recess.

* * *